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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

COUNTRY Germany (Russian Zone)

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SUBJECT Preparations for Currency Reform
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1. None of the German-operated banks has received instructions to prepare vault space for the storing of new bank notes. The Garantie- und Kreditbank would be the sole institution entrusted with the safe keeping of any documents or papers connected with such clandestine moves as an independent currency reform in the Soviet zone. The only shipments assumed to be of a secret nature (as they remained packed in the cases in which they came) arrived about mid-April in the branch offices of the Garantietbank in Potsdam, Dresden, Leipzig, Chemnitz, and Saalfeld.
2. About 5 or 7 May, conferences took place between members of the SMA Finance Division, several managers of German banks, and the president of the Garantie- und Kreditbank. The discussion centered around the preparations for the currency reform and the conversion of bank notes. It was established that, while it would be easy enough to enforce the currency reform in the Soviet Zone, Berlin would have to be excluded from this project.
3. On another occasion a high-ranking Russian official pointed out that the USSR would not even dream of a currency reform were it not for activities to that end by the Western Allies. Considering this, it would be necessary to initiate measures that will prevent the Soviet Zone from being flooded with western zone money; however, the exchange ratio would be at a more favorable rate than the one in the west.

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[REDACTED] Comment: The impression was gained that the latter move would be for propaganda purposes only.)

The whole banking system in the Soviet zone needs to be thoroughly reorganized, since the accumulated monies must without fail be brought to produce interest. The lack of this at present is costing enormous sums of money which cannot be realized out of the economy. Invested capital in large quantities does not exist at present, since independent purchases by industries play only a very minor part, so that credit is not required.

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4. Should the currency reform materialize soon, funds which have been paid to special industrial accounts since the beginning of this year would be released for industry. For the time being, only the Garantie- und Kreditbank is authorized to establish such accounts; however, it is contemplated to permit industrial accounts with other banks also. Care will be taken that such accounts not be misused for private purposes; therefore, special evidence has to be given to justify the opening of each account. A draft for this project has been submitted to the SMA Finance Division.

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